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**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

**UNITED STATES COURTS  
SOUTHERN DISTRICT OF TEXAS  
FILED**

**JUL 23 2007**

**MICHAEL N. MILBY, CLERK OF COURT**

**UNITED STATES OF AMERICA**

**v.**

**SAMIR MAHMOUD ITANI**

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§  
§  
§  
§

**CRIMINAL NO. H-07-**

**H 07 - 310**

**INDICTMENT**

**THE GRAND JURY CHARGES:**

**COUNT 1**

**Conspiracy to Defraud the Government with respect to Claims  
[18 U.S.C. § 286]**

**A. INTRODUCTION**

At all times relevant to this Indictment:

1. SAMIR MAHMOUD ITANI, along with his wife, owned, controlled, and operated American Grocers, Inc., a closely-held Texas corporation in the business of exporting food and non-food products to countries in the Middle East. Its principal place of business was in Houston, Texas.
2. American Grocers was a party to United States government contracts related to the 2003 invasion and subsequent occupation of Iraq. One contract involved The Public Warehousing Company - K.S.C. ("PWC"), a Kuwait-based company that operated warehouses and freight management services in the Middle East and around the world.
3. In May 2003, the Defense Supply Center - Philadelphia ("DSCP"), an agency of the United States Department of Defense, awarded a multi-million dollar contract

to PWC to provide food and non-food products to U.S. troops serving in the Middle East. PWC in turn solicited suppliers to provide it food and non-food products, which PWC then shipped to U.S. military bases in the Middle East in performance of its contract.

4. American Grocers was one of the companies that provided food products to PWC, making American Grocers a first-tier sub-contractor to the U.S. government. American Grocers provided food products to PWC via The Sultan Center, a Kuwait-based company that, among other things, was a leading supplier of supermarket items, perishables, and general merchandise in the Middle East.
5. To receive compensation, American Grocers sent invoices to PWC. The invoices contained costs American Grocers purported to incur providing food products to PWC and a profit margin for American Grocers. PWC paid the invoices.
6. PWC then, pursuant to its contract, billed the DSCP for the amount of money it paid to American Grocers. Thus, in effect, the U.S. government paid the invoices American Grocers sent to PWC.

## **B. THE CONSPIRACY**

7. Beginning on or about February 13, 2004 and continuing to March 1, 2005 and beyond, in the Houston Division of the Southern District of Texas and elsewhere, SAMIR MAHMOUD ITANI, defendant herein, together with others known and unknown to the Grand Jury, did knowingly and intentionally enter into an agreement, combination, and conspiracy to defraud the United States and a department and agency thereof, by obtaining and aiding to obtain the payment and

allowance of false, fictitious, and fraudulent claims, in violation of Title 18, United States Code, Section 286.

### **C. THE MANNER AND MEANS OF THE CONSPIRACY**

It was a part of the conspiracy that:

8. The defendant and at least one co-conspirator, an American Grocers employee, would and did purchase food products from suppliers to provide to PWC.
9. The co-conspirator would and did request that the suppliers ship the products directly to PWC, via The Sultan Center.
10. The defendant would and did instruct the co-conspirator to quote and bill PWC for costs American Grocers purportedly incurred trucking products from its suppliers to its warehouse in Houston, Texas, when in fact American Grocers did not incur such trucking costs.
11. As the defendant instructed, the co-conspirator would and did bill PWC for purported trucking costs by causing the bogus costs to be added to invoices American Grocers sent to PWC. PWC paid American Grocers the amounts billed on the invoices, including the bogus trucking costs, and in turn billed the costs to the U.S. government in invoices it submitted to the DSCP, which the DSCP paid.
12. After PWC realized it was being over-charged and confronted the defendant in or near April 2005, the defendant, to conceal the fraudulent conduct, would and did instruct the co-conspirator that they would tell PWC that American Grocers's accounting department had erred because personnel were unaware that food products were shipped to PWC without passing through American Grocers's

Houston warehouse.

13. In a meeting in which PWC officials demanded that American Grocers pay back the over-charges, the defendant, to conceal the fraudulent conduct, would and did tell the officials that members of his accounting department had erred because they were unaware that food products were shipped to PWC without passing through the Houston warehouse.
14. The defendant and his co-conspirator would and did cause approximately \$1,944,402 in bogus trucking costs to be billed to PWC, and ultimately to the U.S. government, for which the U.S. government has not been reimbursed, on or about the following dates, as follows:

	Invoice Date	PWC P.O. Number(s)	Amount of Over-charge
(1)	02-13-04	786	\$9,768.00
(2)	03-01-04	810/3241	\$21,787.74
(3)	03-12-04	3300/3303	\$125,559.39
(4)	04-08-04	3343	\$9,301.00
(5)	05-03-04	3374	\$37,570.00
(6)	05-10-04	3385	\$47,190.00
(7)	06-14-04	3436	\$204,501.06
(8)	06-25-04	3465	\$63,911.36
(9)	07-19-04	3537	\$41,344.38
(10)	08-26-04	3573	\$51,980.00
(11)	09-16-04	3589	\$4,316.00
(12)	09-30-04	3607	\$49,178.63
(13)	10-28-04	3664	\$63,298.12

(14)	10-29-04	3611	\$4,937.50
(15)	11-24-04	3691	\$5,530.00
(16)	11-28-04	3730	\$317,797.70
(17)	12-01-04	3700	\$171,653.46
(18)	12-16-04	3816	\$69,429.20
(19)	12-21-04	3805	\$3,136.00
(20)	12-23-04	3864	\$167,890.20
(21)	01-17-05	3901	\$274,564.21
(22)	02-08-05	3918	\$172,002.49
(23)	03-01-05	3951	\$22,818.34

In violation of Title 18, United States Code, Section 286.

**Counts 2-24**  
**False Claims**  
**[18 U.S.C. § 287]**

15. The Grand Jury adopts, re-alleges, and incorporates herein paragraphs 1-6 and 8-14 of this Indictment as if fully set out herein.
16. On or about the dates set forth below, in the Houston Division of the Southern District of Texas and elsewhere, SAMIR MAHMOUD ITANI, defendant herein, together with others known and unknown to the Grand Jury, did knowingly make and present a claim upon and against the United States and a department and agency thereof, knowing such claim to be false, fictitious, and fraudulent, as follows:

Count	Invoice Date	PWC P.O. Number(s)	Amount of Over-charge
2	02-13-04	786	\$9,768.00
3	03-01-04	810/3241	\$21,787.74
4	03-12-04	3300/3303	\$125,559.39
5	04-08-04	3343	\$9,301.00
6	05-03-04	3374	\$37,570.00
7	05-10-04	3385	\$47,190.00
8	06-14-04	3436	\$204,501.06
9	06-25-04	3465	\$63,911.36
10	07-19-04	3537	\$41,344.38
11	08-26-04	3573	\$51,980.00
12	09-16-04	3589	\$4,316.00
13	09-30-04	3607	\$49,178.63
14	10-28-04	3664	\$63,298.12
15	10-29-04	3611	\$4,937.50
16	11-24-04	3691	\$5,530.00
17	11-28-04	3730	\$317,797.70
18	12-01-04	3700	\$171,653.46
19	12-16-04	3816	\$69,429.20
20	12-21-04	3805	\$3,136.00
21	12-23-04	3864	\$167,890.20
22	01-17-05	3901	\$274,564.21
23	02-08-05	3918	\$172,002.49
24	03-01-05	3951	\$22,818.34

All in violation of Title 18, United States Code, Section 287.

**COUNT 25**  
**Conspiracy to Defraud the Government with respect to Claims**  
**[18 U.S.C. § 286]**

**A. INTRODUCTION**

At all times relevant to this Indictment:

17. The Grand Jury adopts, re-alleges, and incorporates herein paragraphs 1-6 and 8-14 of this Indictment as if fully set out herein.
18. Logistics Group International, Inc. ("LGI") was in the business of domestic and international shipping. LGI had offices in Houston, Texas and in Laredo, Texas, and it shipped food products from suppliers to American Grocers.

**B. THE CONSPIRACY**

19. Beginning on or about July 5, 2005 and continuing to on or about September 8, 2006 and beyond, in the Houston Division of the Southern District of Texas and elsewhere, SAMIR MAHMOUD ITANI, defendant herein, together with others known and unknown to the Grand Jury, did knowingly and intentionally enter into an agreement, combination, and conspiracy to defraud the United States and a department and agency thereof, by obtaining and aiding to obtain the payment and allowance of false, fictitious, and fraudulent claims, in violation of Title 18, United States Code, Section 286.

**C. THE MANNER AND MEANS OF THE CONSPIRACY**

It was a part of the conspiracy that:

20. After PWC officials told American Grocers in or near April 2005 that it would need to have documentation supporting all of the costs American Grocers claimed

on invoices it sent to PWC, the defendant would and did instruct a co-conspirator, an American Grocers employee, to ask LGI to submit two invoices per shipment, one higher than the other, to American Grocers.

21. As the defendant instructed, the co-conspirator would and did ask LGI to submit two invoices per shipment to American Grocers, and LGI sent two invoices per shipment on some, though not on all, occasions in which LGI provided shipping services to American Grocers.
22. The defendant would and did instruct the co-conspirator to create blank invoices purporting to be from LGI by "whiting out" portions of an LGI invoice and making copies of the "whited-out" version.
23. As the defendant instructed, the co-conspirator would and did "white out" portions of an LGI invoice and make copies, creating a set of blank invoices purporting to be from LGI. Another American Grocers employee created a folder for the set of blank invoices, which American Grocers maintained at its office/warehouse complex.
24. The defendant would and did instruct the co-conspirator to use the blank LGI invoices to create bogus trucking costs associated with shipments of Smucker's peanut butter to American Grocers's Houston warehouse. American Grocers purchased Smucker's peanut butter to send to PWC, but Smucker's included the cost of shipping to American Grocers in the price of the peanut butter. Thus, the defendant instructed his co-conspirator to add bogus shipping costs to the cost of the peanut butter, when in fact the cost of shipping had already been included.



25. As the defendant instructed, the co-conspirator would and did use the blank LGI invoices to create bogus shipping costs by making it appear that LGI had charged American Grocers for shipping Smucker's peanut butter to Houston, when in fact LGI had not done so.
26. The defendant and the co-conspirator would and did cause American Grocers to invoice PWC for approximately \$45,954.50 in bogus LGI trucking charges, and ultimately the U.S. government, for which the U.S. government has not been reimbursed, on or about the following dates, as follows:

	Invoice Date	PWC P.O. Number/ American Grocers Invoice Number	Amount of Over-charge
(1)	07-05-05	4923	\$2,115.00
(2)	10-12-05	4608-SMK	\$435.00
(3)	10-13-05	4634-SMK	\$2,060.95
(4)	11-04-05	4740-SMK	\$3,661.30
(5)	11-16-05	4823-SMK	\$1,400.60
(6)	12-02-05	4884-SMK	\$1,398.25
(7)	12-21-05	4972-SMK	\$3,807.00
(8)	01-13-06	5045-SMK	\$2,070.35
(9)	03-21-06	5311-SMK	\$230.30
(10)	04-07-06	5373-SMK	\$3,807.00
(11)	04-21-06	5426-SMK	\$4,523.75
(12)	05-05-06	5469-SMK	\$1,360.65
(13)	05-17-06	5533-SMK	\$2,599.10
(14)	06-01-06	5607-SMK	\$2,178.45

(15)	06-26-06	5686-SMK	\$1,835.35
(16)	07-07-06	5744-SMK	\$1,508.70
(17)	07-27-06	5809-SMK	\$1,962.25
(18)	08-10-06	5890-SMK	\$1,903.50
(19)	08-16-06	5983-SMK	\$1,877.65
(20)	08-29-06	6046-SMK	\$2,051.55
(21)	09-08-06	6125-SMK	\$3,167.80

In violation of Title 18, United States Code, Section 286.

**Counts 26-46**  
**False Claims**  
**[18 U.S.C. § 287]**

27. The Grand Jury adopts, re-alleges, and incorporates herein paragraphs 1-6, 8-14, 18, and 20-26 of this Indictment as if fully set out herein.
28. On or about and between the dates set forth below, in the Houston Division of the Southern District of Texas and elsewhere, SAMIR MAHMOUD ITANI, defendant herein, together with others known and unknown to the Grand Jury, did knowingly make and present a claim upon and against the United States and a department and agency thereof, knowing such claim to be false, fictitious, and fraudulent, on or about the dates set forth below, as follows:

Count	Invoice Date	PWC P.O. Number/ American Grocers Invoice Number	Amount of Over-charge
26	07-05-05	4923	\$2,115.00
27	10-12-05	4608-SMK	\$435.00
28	10-13-05	4634-SMK	\$2,060.95

29	11-04-05	4740-SMK	\$3,661.30
30	11-16-05	4823-SMK	\$1,400.60
31	12-02-05	4884-SMK	\$1,398.25
32	12-21-05	4972-SMK	\$3,807.00
33	01-13-06	5045-SMK	\$2,070.35
34	03-21-06	5311-SMK	\$230.30
35	04-07-06	5373-SMK	\$3,807.00
36	04-21-06	5426-SMK	\$4,523.75
37	05-05-06	5469-SMK	\$1,360.65
38	05-17-06	5533-SMK	\$2,599.10
39	06-01-06	5607-SMK	\$2,178.45
40	06-26-06	5686-SMK	\$1,835.35
41	07-07-06	5744-SMK	\$1,508.70
42	07-27-06	5809-SMK	\$1,962.25
43	08-10-06	5890-SMK	\$1,903.50
44	08-16-06	5983-SMK	\$1,877.65
45	08-29-06	6046-SMK	\$2,051.55
46	09-08-06	6125-SMK	\$3,167.80

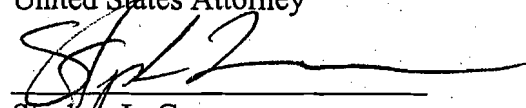
All in violation of Title 18, United States Code, Section 287.

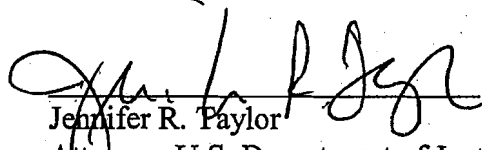
**Original Signature on File**

FOREPERSON OF THE GRAND JURY

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